

# What Is the Process?

## TAX INCREMENT FINANCING

1. Once the community has created a Brownfield Redevelopment Authority, the Authority will execute a plan containing projects and their respective TIF funding.
2. The Brownfield Plan contains general information about the Authority and specific information on each proposed Brownfield Project including:
  - Property description
  - Eligible activity expenses
  - Impact on property tax revenues
  - Property's existing and projected tax value
  - Recommended TIF process to address reimbursement for cost of eligible expenses.
3. The Authority makes a recommendation to the governing body of the community to act on the new or amended plan.
4. The governing body sets a date for a public hearing on the new or amended Brownfield Plan and publishes notice of the hearing no less than 20 nor more than 40 days before the public hearing.
5. The governing body must notify the applicable taxing jurisdictions of the public hearing not less than 20 days prior to the hearing.
6. The governing body holds the public hearing and on that date or within 30 days of that hearing takes action on the plan. That action may be to approve the plan as presented, approve a modified version of the plan, or reject the plan and send it back to the Authority.
7. Once the plan is approved, the Authority may begin to reimburse, using local tax capture, for those eligible activities that occur after the plan is approved. To seek school tax capture, the Authority must adopt a Work Plan to be submitted to MDEQ and/or MEGA. A work plan must include the following:
  - A copy of the Brownfield Plan
  - Current ownership information for each eligible property and a summary of available information on proposed future ownership, including the amount of any delinquent taxes, interest and penalties that may be due.
  - A summary of available information on the historical and current use of each eligible property, including a brief summary of site conditions and what is known about environmental contamination as that term is defined in section 20101 of the natural resource and environmental protection act, 1994 PA 451.
  - Existing and proposed future zoning for each eligible property.
  - A brief summary of the proposed redevelopment and future use for each eligible property.
  - A separate work plan or remedial action plan, or part of a work plan or remedial action plan, for each eligible activity to be undertaken.

- A copy of the development agreement between the municipality and the owner or developer of eligible property. (For MEGA submittals only.)
- 8. Upon receipt of a complete work plan, MDEQ has 60 days and MEGA has 65 days to act. Any eligible activities that take place prior to state approval are not eligible for tax increment financing reimbursement.
- 9. Once the approved eligible expenses have been reimbursed, the Authority may choose to stop capturing the increased property tax revenues or may continue to capture from those approved taxing jurisdiction for no more than five years.
- 10. This excess captured revenue by the Authority is placed in the community's Local Site Remediation Revolving Fund to be used to cover eligible expenses on eligible property.

## **PROPERTY TAX CAPTURE**

The property tax revenue that may be captured is the change in value on real and personal property on an eligible site times that total millage of eligible and available taxing jurisdictions.

The *defined portion* of the property tax revenue that is available to capture by an Authority from all eligible taxing jurisdictions is dependant on:

- The existing TIF activities on the particular site.
- The eligibility of certain taxing jurisdictions based on the specific review process pursued by that authority on that site.

1. If the site of a Brownfield Redevelopment Authority project is located in an existing TIF authority's district, such as a DDA, the Brownfield Redevelopment Authority can only capture those tax revenues not captured by the other authority. The DDA may be capturing all property tax revenues to pay off an eligible obligation like a bond, it may be capturing only local property tax revenues, it may be capturing an agreed upon percentage of all property tax revenues or it may be capturing none of the property tax revenues. The Brownfield Redevelopment Authority can only capture those non-debt property tax revenues not already being captured.
2. For each particular project site, a Brownfield Redevelopment Authority may choose to capture all of the available property tax revenues (school and non-school) or only the non-school portion of the available property tax revenues. If the Authority chooses to pursue the available school property tax revenues for the site's eligible environmental activities, the MDEQ must approve the environmental Work Plan. If the Authority is representing a Core Community and seeks to capture the available school property tax revenues for the eligible economic development activities that are exclusive to Core Communities, the Authority must apply to MEGA.

3. The maximum time period to capture taxes to reimburse eligible costs associated with a project is 30 years.
4. An Authority may issue bonds to finance the eligible activities.

An Authority can capture school taxes for five years after the costs of the eligible environmental activities are reimbursed. Those excess taxes captured must be placed into a local site remediation revolving fund and can be used for eligible activities at other sites in the municipality.